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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001392

SIPDIS

NEA FOR BURNS/SATTERFIELD AND NEA/IPA
EB FOR WAYNE
NSC FOR ABRAMS/DANIN/KIFAYAT

E.O. 12958: DECL: 03/05/2014

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SUBJECT: GOI INFO ON RAMALLAH BANK RAID

REF: A. TEL AVIV 1325

1B. JERUSALEM 662

Classified By: Deputy Chief of Mission Richard LeBaron for reasons 1.4
(b) and (d).

This message has been cleared by ConGen Jerusalem.

11. (C) Summary: In separate meetings this week with Shin Bet liaison officers and the head of Israel's counter terrorist financing effort at the Israeli NSC and the Mossad, GOI officials provided some additional details on last week's raid on Palestinian banks. The GOI officials rejected the criticism that the GOI had not attempted to use PA Finance Minister Fayyad as a conduit for handling terrorist financing issues. (Note: Fayyad told ConGen Economic Counselor that he has never been approached by the GOI with actionable terrorist financing information since reaching an agreement with the PM's Chief of Staff Dov Weissglas. End note.) They also defended the military operation to seize the funds as the only effective avenue remaining to them. Despite these statements, the GOI officials appeared eager to find less controversial ways of preventing the use of Palestinian banks as vehicles for terrorist financing. (Post Terrorism Finance Working Group is developing ideas on better ways to ensure effective Israeli/Palestinian engagement on terrorist finance cases. see septel.) End summary.

12. (C) On March 2, Embassy econoff, Legatt, and FBI special agents met with Shin Bet liaison officers Arnon Vinceze and Ilan Kosanivich to discuss last week's raid on the banks in Ramallah. Kosanivish began by giving the group a readout on the actions. According to Kosanivish, the GOI had information on 45 "association accounts" related mostly to Hamas and information on 250 accounts linked to private persons. Kosanivich said that each of these accounts could be traced to specific terrorist activity and that they would provide U.S. law enforcement with that information. Kosanivich claimed that they did not copy the banks' hard drives and other transaction information on these accounts. Kosanivich said that they gathered only the balance information from the accounts and then withdrew that amount from the banks' vaults. They claimed that they took NIS 35 million from "association accounts" and NIS 2.5 million from personal accounts. Vinceze said that all of these accounts were funded by direct wire transfers from Jordan, and so there was no possibility for the GOI to freeze this money in Israeli correspondent banks. In response to questions about why they had not sought to work with the PA on freezing these accounts, Kosanivich claimed that the GOI had approached Fayyad on two separate occasions regarding accounts connected to Hamas, but that Fayyad had not taken action. (Note: The Shin Bet officials did not suggest that the accounts they asked Fayyad to seize were among those affected in last week's raid, nor did they provide information as to when these inquiries were made. End note.) Legatt queried the officials as to why they decided to act in a way that appeared to affect the banks more than the account holders. Vinceze said that this would result in terrorists being less likely to use the banks as a means of transmitting funds and would instead opt for other channels that the Shin Bet is more confident in their ability to find and seize. For example, Vinceze said the Shin Bet feels more confident in its ability to identify and take action against cash couriers than in stopping bank transfers.

13. (C) Udi Levi, the head of Israel's counter-terrorist financing effort at the Israeli NSC and the Mossad, told Embassy econoff on March 3 that the GOI is eager to work with the U.S. and the PA to find less destructive and controversial means of combating terrorist funds. Levi was frustrated, however, by what he perceived as past unwillingness on the part of Fayyad and the PA to take action when given the opportunity. Levi repeated the Shin Bet's assertion that the GOI had attempted to use Fayyad as a conduit for taking action on suspected terrorist accounts during the past year but had been unsuccessful. Despite the past failures of these efforts, Levi said the GOI must explore ways to prevent future incidents like last week, but in a way that is still effective in combating the illicit flow of funds to Palestinian terrorists. Levi said that GOI

officials would meet with U.S. and PA officials to explore other options.

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